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C O N F I D E N T I A L SECTION 01 OF 02 BERLIN 000216

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TAGS: [EFIN](#) [ETTC](#) [KNNP](#) [PARM](#) [PREL](#) [UK](#) [IR](#) [FR](#) [GM](#)
SUBJECT: GERMANY ON-BOARD TO CLAMP DOWN ON IRANIAN SHIPPING

REF: STATE 16219

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Classified By: Economic Minister-Counselor Robert Pollard
for reasons 1.4 (b) and (d).

¶1. (C) SUMMARY: Germany supports sanctions against the Islamic Republic of Iran Shipping Lines (IRISL) along with its affiliates and views denying Iran access to insurance/reinsurance as an excellent vehicle to do so. On February 23, Emboffs delivered reftel demarche to the German Ministries of Foreign Affairs (MFA) and Economics (BMWi). BMWi Desk Officer for Foreign Trade Law, Martin Lutz, said Germany is pressing its EU partners to designate IRISL and deny IRISL financial services with an emphasis on insurance. The MFA said denying IRISL port access because of insufficient insurance coverage was a topic of a February 24 inter-ministerial discussion, but no final position has been made. END SUMMARY

GERMANY BEATING THE LET'S DESIGNATE IRISL DRUM

¶2. (C) Lutz thanked the USG for the reftel nonpaper and said the German intelligence (BND) had already sensitized German agencies that the Hafiz Darya Shipping Lines (HDSL) and "Pacific Shipping Lines" (NFI) were acting on behalf of IRISL. Lutz said sanctioning Iran by designating IRISL and its affiliates is something Germany is strongly pushing for with its EU partners and voiced optimism on this prospect. In addition, Lutz said that Germany is examining a move to deny the ability of Iranian shipping lines to charter ships flying a German flag. (COMMENT: The M/V Hansa India was an IRISL chartered German flagged ship interdicted last October and found to have been shipping UNSCR sanction munitions destined for Syria. END COMMENT) As an example of recent action Germany has taken against IRISL, Lutz said Germany recently revoked the registration of the Hansiatische Schiff Gesellschaft, a company he claimed was acting as an IRISL alias.

¶3. (C) Lutz, repeating what MFA officials have also expressed, voiced concern about the UK's decision to unilaterally designate IRISL stating that this move might actually violate EU law. He did not want this to cast an impression that Germany was in any way opposed to an IRISL designation, only that Germany's preference would have been

for a unified EU designation. (COMMENT: In a separate conversation, UK Poloff at the British Embassy in Berlin, told Econoff the UK's decision to go with unilateral action on IRISL stemmed from UK counter terrorism legislation and rejected the notion that it violated EU law. END COMMENT)

GERMAN INSURANCE GIANTS TO REJECT NEW IRANIAN BUSINESS

¶4. (C) During the week of February 15, German Insurance Giants Munich Re and Alliance announced their intention to suspend new reinsurance business with Iran and not renew expiring policies. Hannover Re, the world's 4th largest reinsurer, took a softer tone and announced that it would renounce Iranian business in compliance with any new UN or EU Iranian sanctions. Lutz, indicated that these seemingly coordinated announcements were no accident, and said that the German Finance Ministry sent a letter to the German Insurance Association last November requesting that German insurers not fill the void created by the UK government's decision not to insure IRISL. (COMMENT: This presence of this letter was confirmed by MFA Director General von Fritsch in a meeting with EMIN on February 24. END COMMENT) Lutz said the genesis of the letter resulted from a meeting between BMWi Office Director for Foreign Trade, Wendling, EMIN, and his British counterpart in the wake of the UK's IRISL designation. Lutz noted specifically that EMIN had impressed upon Wendling the importance that Iran not be able to turn to German insurers to replace dropped policies from Lloyd's of London.

DENYING PORT ACCESS IS UNDER CONSIDERATION

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¶5. (C) On the issue of denying IRISL German port access, Lutz was unclear about the legal situation regarding private German ports and underinsured ships making port calls. He said that this may well be a matter for the ports themselves or the Ministry of Transportation to decide on, but undertook to seek further clarification on this issue. In a subsequent conversation, MFA official acknowledged that as a result of reftel points this issue had been brought up in an inter-ministerial meeting and the GoG was still formulating its position.

COMMENT

¶6. (C) Targeting Iranian access to insurance and a future IRISL designation appear to be an easy sell to Germany. The German decision to apply "moral-suasion" to its insurance industry and the positive resultant response was a firm step in the right direction and demonstrates that the GoG's moral-suasion policy can be effective with specialized industries.

Murphy